

Message Text

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ACTION EB-07

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 2746

DEPT OF COMMERCE WASHDC

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E.O. 11652: N/A

TAGS: EFIN, ECRP, HU

SUBJ: NEW RATE FOR HUNGARIAN FOREIGN EXCHANGE MULTIPLIER

REF A: STATE A-1091, FEBRUARY 19, 1975

B: BUDAPEST 0010

1. IN EARLIER CABLE REGARDING HUNGARIAN REVALUATION OF FORINT, EMBASSY ERRONEOUSLY REPORTED THAT HUNGARIAN FOREIGN EXCHANGE MULTIPLIER WAS REVALUED TO SAME EXTENT AS HUNGARIAN TOURIST RATE. THIS IN FACT HAS NOT HAPPENED. GOH DID ELIMINATE 4 PERCENT SURCHARGE APPLIED TO FOREIGN EXCHANGE MULTIPLIER IN CASE OF IMPORTS AND 3 PERCENT IN CASE OF EXPORTS USED IN 1974 WHEN TOURIST EXCHANGE RATE ADJUSTED ON JANUARY 1. HOWEVER, FOREIGN EXCHANGE MULTIPLIER ITSELF WAS ADJUSTED TO MAKE IT 112.77 PERCENT MORE THAN TOURIST RATE IN CASE OF EACH WESTERN COUNTRY. THUS FOREIGN EXCHANGE MULTIPLIER FOR DOLLAR NOW APPROX \$1 EQUALS 46.184 FORINTS. OFFICIAL EXCHANGE RATE WHICH USED ALMOST EXCLUSIVELY FOR STATISTICAL PURPOSES WAS ALSO REVALUED AS OF JANUARY 1 AND AT THIS RATE NOW \$1 EQUALS 9.0564 FORINTS.

2. IN DISCUSSION BETWEEN EMBASSY ECONOFF AND RANKING OFFICIAL IN HUNGARIAN MINISTRY OF FINANCE, LATTER INDICATED THAT FINANCE MINISTRY HAD ARGUED STRONGLY FOR DOWNWARD REVALUATION OF FOREIGN EXCHANGE MULTIPLIER

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RATE AS WELL AS TOURIST RATE. THIS WOULD HAVE HAD EFFECT

OF REDUCING RATE THAT ENTERPRISES WERE PAID IN FORINTS
FOR HARD CURRENCY EXPORTS. HOWEVER, HUNGARIAN ENTERPRISES
VIGOROUSLY AND SUCCESSFULLY OPPOSED THIS PROPOSAL TO FURTHER REDUCE
FOREIGN EXCHANGE MULTIPLIER RATE.
PEDERSEN

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